[Date]

[Client Name]
[Client Address]
[City, State, Zip Code]

RE: Fiduciary Responsibility Advisory regarding Third-Party Asset Managers

Dear [Client Name],

This letter serves to formally advise you of your fiduciary responsibilities regarding the selection, monitoring, and retention of third-party asset managers for [Name of Plan/Account].

As a fiduciary, you are required by law to act solely in the interest of the participants and beneficiaries. When delegating investment authority to a third-party manager, your fiduciary duties are not eliminated, but rather shift to the oversight of that manager. Your core responsibilities include:

- **Prudent Selection:** Conducting thorough due diligence prior to appointment, including an analysis of the manager's investment philosophy, past performance, fee structure, and internal controls.
- **Ongoing Monitoring:** Regularly reviewing the manager's performance against relevant benchmarks and ensuring their actions remain consistent with the established Investment Policy Statement (IPS).
- **Fee Evaluation:** Ensuring that the compensation paid to the manager is reasonable in relation to the services provided.
- **Documentation:** Maintaining detailed records of the decision-making process and the periodic reviews conducted.

Failure to adequately monitor a third-party asset manager can result in fiduciary liability. We recommend a formal review of all external managers be conducted on a [Quarterly/Annual] basis to ensure compliance with your obligations.

Please contact our office if you require assistance in developing a formal monitoring framework or if you wish to review the current standing of your appointed managers.

Sincerely,

[Your Name]
[Your Title]
[Your Organization]